



[BILLING CODE: 6750-01S]

FEDERAL TRADE COMMISSION

[File No. 091 0094]

Magnesium Elektron; Analysis of Agreement Containing Consent Orders to Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed Consent Agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint and the terms of the consent order -- embodied in the consent agreement -- that would settle these allegations.

DATES: Comments must be received on or before November 13, 2012.

ADDRESSES: Interested parties may file a comment at

<https://ftcpublic.commentworks.com/ftc/magelektronconsent> online or on paper, by following the instructions in the Request for Comment part of the **SUPPLEMENTARY**

INFORMATION section below. Write "Magnesium Elektron, File No. 091 0094" on your comment and file your comment online at

<https://ftcpublic.commentworks.com/ftc/magelektronconsent>, by following the instructions on the web-based form. If you prefer to file your comment on paper, mail or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary, Room H-113 (Annex D), 600 Pennsylvania Avenue, NW, Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT: Sebastian Lorigo (202-326-3717), FTC, Bureau of Competition, 600 Pennsylvania Avenue, NW, Washington, D.C. 20580.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 15 U.S.C. 46(f), and FTC Rule 2.34, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of thirty (30) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for October 12, 2012), on the World Wide Web, at <http://www.ftc.gov/os/actions.shtm>. A paper copy can be obtained from the FTC Public Reference Room, Room 130-H, 600 Pennsylvania Avenue, NW, Washington, D.C. 20580, either in person or by calling (202) 326-2222.

You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before November 13, 2012. Write “Magnesium Elektron, File No. 091 0094” on your comment. Your comment – including your name and your state – will be placed on the public record of this proceeding, including, to the extent practicable, on the public Commission Website, at <http://www.ftc.gov/os/publiccomments.shtm>. As a matter of discretion, the Commission tries to remove individuals' home contact information from comments before placing them on the Commission Website.

Because your comment will be made public, you are solely responsible for making sure that your comment does not include any sensitive personal information, like anyone's Social Security number, date of birth, driver's license number or other state identification number or

foreign country equivalent, passport number, financial account number, or credit or debit card number. You are also solely responsible for making sure that your comment does not include any sensitive health information, like medical records or other individually identifiable health information. In addition, do not include any “[t]rade secret or any commercial or financial information which . . . is privileged or confidential,” as discussed in Section 6(f) of the FTC Act, 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16 CFR 4.10(a)(2). In particular, do not include competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

If you want the Commission to give your comment confidential treatment, you must file it in paper form, with a request for confidential treatment, and you have to follow the procedure explained in FTC Rule 4.9(c), 16 CFR 4.9(c).¹ Your comment will be kept confidential only if the FTC General Counsel, in his or her sole discretion, grants your request in accordance with the law and the public interest.

Postal mail addressed to the Commission is subject to delay due to heightened security screening. As a result, we encourage you to submit your comments online. To make sure that the Commission considers your online comment, you must file it at <https://ftcpublic.commentworks.com/ftc/magelektronconsent> by following the instructions on the web-based form. If this Notice appears at <http://www.regulations.gov/#!home>, you also may file a comment through that website.

If you file your comment on paper, write “Magnesium Elektron, File No. 091 0094” on

¹ In particular, the written request for confidential treatment that accompanies the comment must include the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. *See* FTC Rule 4.9(c), 16 CFR 4.9(c).

your comment and on the envelope, and mail or deliver it to the following address: Federal Trade Commission, Office of the Secretary, Room H-113 (Annex D), 600 Pennsylvania Avenue, NW, Washington, DC 20580. If possible, submit your paper comment to the Commission by courier or overnight service.

Visit the Commission Website at <http://www.ftc.gov> to read this Notice and the news release describing it. The FTC Act and other laws that the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. The Commission will consider all timely and responsive public comments that it receives on or before November 13, 2012. You can find more information, including routine uses permitted by the Privacy Act, in the Commission's privacy policy, at <http://www.ftc.gov/ftc/privacy.htm>.

Analysis of Agreement Containing Consent Order to Aid Public Comment

I. Introduction

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing Consent Orders ("Consent Agreement") from Magnesium Elektron North America, Inc. ("MEL") to remedy the anticompetitive effects stemming from MEL's acquisition of Revere Graphics Worldwide, Inc. ("Revere"). Under the terms of the proposed Consent Agreement, MEL is required to sell assets used in the development, manufacture, and sale of magnesium plates for photoengraving to Universal Engraving, Inc. ("Universal Engraving").

In September 2007, MEL acquired the worldwide assets of Revere for approximately \$15 million. At the time of the acquisition, both parties manufactured and sold magnesium plates for photoengraving. The Commission's Complaint alleges that the acquisition violates Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission

Act, as amended, 15 U.S.C. § 45, in the market for magnesium plates for photoengraving.

The proposed Consent Agreement remedies the alleged violation by requiring MEL to provide Universal Engraving with the intellectual property and know-how used to roll and coat magnesium plates for photoengraving applications. In addition, MEL will enter into a supply agreement with Universal Engraving that requires MEL to provide Universal Engraving with magnesium plates for photoengraving until Universal Engraving is able to produce and sell these products on its own. Finally, MEL will enter into a supply agreement with Universal Engraving for chemicals that are used in the magnesium photoengraving process, which Universal Engraving will be able to sell in conjunction with its magnesium plates.

The proposed Consent Agreement has been placed on the public record for thirty days to receive comments by interested persons. Comments received during this period will become part of the public record. After thirty days, the Commission will review the Consent Agreement again and any comments received, and decide whether to withdraw from the proposed Consent Agreement, modify it, or make final the accompanying Decision and Order.

II. The Relevant Market and Market Structure

The relevant market within which to analyze the competitive effects of the acquisition is the worldwide market for magnesium plates for photoengraving. At the time of the acquisition, MEL and Revere were the only manufacturers and sellers of magnesium plate for photoengraving, combining to account for 100 percent of the relevant market.

III. Entry

Entry is not likely to deter or counteract the anticompetitive effects of the acquisition. In order to be suitable for photoengraving applications, magnesium must be rolled and coated to exact and precise specifications. Accordingly, a new entrant would require substantial expertise

in order to enter the market. In addition, the market is relatively small, which deters potential entrants from investing in the skill and expertise required for entry.

IV. Effects of the Acquisition

Absent the proposed Consent Agreement, the acquisition would result in further and ongoing competitive harm in the worldwide market for magnesium plates for photoengraving. Prior to the acquisition, MEL and Revere were the only providers of the relevant product. As a result, the acquisition eliminated actual, direct, and substantial competition between MEL and Revere, and resulted in a merger-to-monopoly in the market for magnesium plates for photoengraving.

V. The Consent Agreement

The proposed Consent Agreement remedies the competitive concerns raised by the acquisition by requiring MEL to sell the technology and know-how for manufacturing magnesium plates for photoengraving to Universal Engraving. This divestiture replaces competition that was eliminated as a result of MEL's acquisition of Revere.

Universal Engraving, based in Overland Park, Kansas, is a global leader in the manufacture and sale of products used in the photoengraving process, including brass and copper plates for photoengraving applications. Currently, Universal Engraving does not sell magnesium plates for the photoengraving process. However, under the terms of the proposed Consent Agreement, Universal Engraving will acquire the assets required to compete effectively in that market.

The proposed Consent Agreement also contains several provisions designed to ensure that the divestiture is successful. First, MEL must supply Universal Engraving with magnesium plate now, thereby allowing Universal Engraving to enter the relevant market immediately in

competition with MEL. In addition, MEL must provide Universal Engraving with technical assistance related to the manufacture and sale of magnesium plates for photoengraving. Finally, MEL will supply Universal Engraving with chemicals that are used in the photoengraving process, particularly, chemicals that are used to engrave magnesium plates.

If, after the public comment period the Commission determines that Universal Engraving is not an acceptable acquirer of the assets to be divested, or that the manner of the divestitures is not acceptable, MEL must unwind the divestiture and divest the assets within 180 days of the date the Order becomes final to another Commission-approved acquirer. If MEL fails to divest the assets within the 180 days, the Commission may appoint a trustee to divest the relevant assets.

The purpose of this analysis is to facilitate public comment on the proposed Consent Agreement. This analysis is not intended to constitute an official interpretation of the proposed Consent Agreement or to modify its terms in any way.

By direction of the Commission.

Donald S. Clark
Secretary.

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